MULTIMEDIA UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

# FINAL EXAMINATION

**TRIMESTER 1, 2018/2019**

## BMR1014 – FUNDAMENTALS OF MARKETING

(All sections / Groups)

16 OCTOBER 2018
2.30 p.m. – 4.30 p.m.
(2 Hours)

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**INSTRUCTIONS TO STUDENT**

1. This question paper consists of **EIGHT (8)** pages with **TWO (2)** Sections only.

2. **Section A: THIRTY (30)** Multiple Choice Questions. Attempt **ALL** questions.
   **Section B: TWO (2)** Structure Questions. Attempt **ALL** questions.

3. Please write all your answers for Section A on the OMR sheet and Section B in the Answer Booklet provided.

## SECTION A: MULTIPLE CHOICE QUESTIONS [30 Marks]

**Attempt ALL questions.**

1) Figure 1 below shows a five-step model of the marketing process for creating and capturing customer value. Select the right sequence of W, X, Y, and Z to best represent the first four steps of the marketing process.

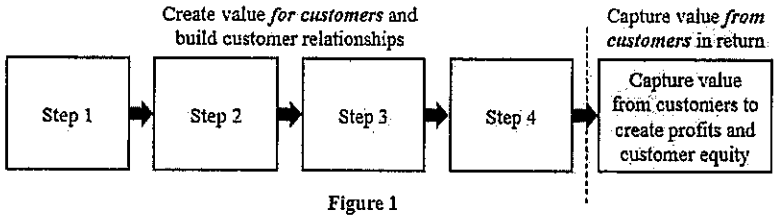
Create value *for customers* and build customer relationships
Capture value *from customers* in return
Step 1
Step 2
Step 3
Step 4
Capture value from customers to create profits and customer equity

**Figure 1**

| | |
|---|---|
| W | Engage customers, build profitable relationships, and create customer delight |
| X | Construct an integrated marketing programme that delivers superior value |
| Y | Design a customer value-driven marketing strategy |
| Z | Understand the marketplace and customer needs and wants |

a) X → Y → Z → W
b) Y → Z → X → W
c) Z → X → Y → W
d) Z → Y → X → W

2) Kodak lost much of its share to Sony cameras when digital cameras boomed and Kodak didn't plan for it. Which of the following terms refers to sellers make the mistake of paying more attention to the specific products they offer than to the benefits and experiences produced by these products?
a) social loafing
b) value proposition
c) marketing myopia
d) conspicuous consumption

3) Ben & Jerry's three-part "linked prosperity" mission drives it to make fantastic ice cream (product mission), manage the company for sustainable financial growth (economic mission), and use the company "in innovative ways to make the world a better place" (social mission). Ben & Jerry is said to practice _____.
a) customer relationship management
b) partner relationship management
c) sustainable marketing
d) consumer-generated marketing

**Continued...**

4) Mission statements should _____ and be defined in terms of _____.
   a) be technology oriented; meeting the self-actualisation needs of customers
   b) be product oriented; satisfying the esteem needs of customers
   c) be market oriented; satisfying basic customer needs
   d) address sales and profits; the net return on investments

5) Although Ford makes the best cars, it might lose in the marketplace if Toyota's dealer network provides a more customer-satisfying sales and service experience. This indicates the importance of _____ which consists of other members of a company's supply chain to improve the performance of the entire system in delivering customer value.
   a) value chain
   b) value delivery network
   c) marketing mix
   d) business portfolio

6) Each company must divide up the total market, choose the best segment(s), and design strategies for profitably serving the chosen segment(s). This process involves market segmentation, _____, differentiation, and positioning.
   a) market targeting
   b) diversification
   c) marketing implementation
   d) supply chain analysis

7) Sparex Inc. is a manufacturer of metal bolts that are used by Boilex Inc. to manufacture heavy machineries. In this instance, Sparex acts as a _____.
   a) supplier
   b) customer
   c) financial intermediary
   d) marketing intermediary

8) Trends in the natural environment include all of the following EXCEPT _____.
   a) decreased costs of product development
   b) increased government intervention
   c) shortages of raw materials and increased pollution
   d) the development of an environmental sustainability movement

9) For every pair of glasses Warby Parker sells, it distributes a free pair to someone in need. Warby Parker is said to practice _____.
   a) cause-related marketing
   b) generational marketing
   c) sustainable marketing
   d) product differentiation

**Continued...**

10) The market researchers at Honey Camp Foods gather daily sales data and sort it by product line and region. With the help of sophisticated tools and techniques, they develop the data needed by marketing managers to evaluate the market share of the company's different products and also to gain valuable market insights. This mix of people and procedures at Honey Camp Foods that generate and validate actionable customer and market insights represents a(n) _____.
   a) marketing information system
   b) enterprise planning system
   c) strategic planning system
   d) business portfolio

11) Financial services provider USAA uses its extensive customer database built from customer purchasing histories and transaction data to tailor its services to the specific needs of individual customers. In this instance, USAA is using _____.
   a) internal databases
   b) exploratory research
   c) ethnographic research
   d) competitive marketing intelligence

12) Customer relationship management (CRM) helps _____.
   a) firms to create artificial demand in the market
   b) firms to monitor and minimise employee turnover
   c) customers to manage information about different sellers in the marketplace
   d) firms to manage detailed information about individual customers and carefully manage customer touch points to maximise customer loyalty

13) Individuals and households that buy or acquire goods and services for personal consumption make up the _____.
   a) social class
   b) consumer market
   c) marketing offering
   d) subculture

14) Rachel loves fashion and is always seen wearing the trendiest fashion outfits. She actively shares her knowledge with a wide group of friends and colleagues about where to shop for the latest fashion at great deals. Most of her friends and colleagues follow her fashion tips. Rachel portrays the image of a(n) _____ because of her special knowledge and personality that exerts social influence on others.
   a) social networker
   b) opinion leader
   c) lagging adopter
   d) surrogate customer

**Continued...**

15) Which of the following best describes divisibility of an innovation that influences the rate of adoption?
   a) It is the degree to which the innovation may be tried on a limited basis.
   b) It is the degree to which the innovation is difficult to understand.
   c) It is the degree to which the innovation appears superior to existing products.
   d) It is the degree to which the innovation fits the values and experiences of potential consumers.

16) A competitor analysis requires the assessment of all of the following EXCEPT the competitors' _____.
   a) objectives and strategies
   b) reaction patterns
   c) strengths and weaknesses
   d) organisational hierarchy

17) The competitors of Ritz-Carlton Hotel Company include
   a) only the Four Seasons hotels
   b) all other hotels and anyone who supplies rooms for busy travelers
   c) travel and leisure products and services, from cruises and summer homes to vacation abroad
   d) all of the above

18) Digital services that overlap with traditional newspaper content are _____ because they offer for free real-time content that subscription-based newspapers printed once a day can't match.
   a) distant competitor
   b) marginal competitor
   c) good competitors
   d) bad competitors

19) According to Michael Porter, which of the following is the examples of effective competitive positioning strategies?
   a) focus, differentiation, and middle-of-the-roaders
   b) overall cost leadership, differentiation, and focus
   c) middle-of-the-roaders, focus, and overall cost leadership
   d) overall cost leadership, differentiation, and middle-of-the-roaders

20) Dell produces and delivers PCs of competitive quality at lower costs. The company constantly aims to achieve low production and distribution costs to win a large market share. Dell is said to utilise a(n) _____ strategy very effectively.
   a) differentiation
   b) overall cost leadership
   c) focus
   d) middle-of-the-roaders

**Continued...**

21) American Express provides superior value by precisely segmenting its markets and tailoring its products and services to exactly match the needs of its targeted customers. It specialises in satisfying unique customer needs through a close relationship with and intimate knowledge of the customers which results in customer loyalty. Based on Michael Treacy and Fred Wiersema, which of the following competitive marketing strategies is being pursued by American Express?
a) operational excellence
b) customer intimacy
c) product leadership
d) consumer capitalisation

22) Fifty percent of the market is in the hands of Company A, 30 percent is in the hands of Company B, 15 percent is in the hands of Company C, and the remaining 5 percent is in the hands of Company D. Based on these hypothetical numbers, Company B is the market _____.
a) leader
b) challenger
c) follower
d) nicher

23) Lovelies is the leading workout and fitness center for women. The regional chain of gyms has traditionally catered to women age 40 and older who are interested in strength and cardiovascular training. Lovelies has recently begun promotions to bring younger women into its gyms. This is an example of how the market leader _____.
a) develops new users
b) competes with mature products
c) changes its product line
d) increases competition

24) _____ calls for socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.
a) Sustainable marketing
b) Ambush marketing
c) Consumerism
d) Environmentalism

25) The _____ means meeting the current needs of both customers and the company. But that can sometimes mean compromising the future of both.
a) marketing concept
b) strategic planning concept
c) societal marketing concept
d) sustainable marketing concept

**Continued...**

26) Critics point out that in the stationery industry, a pen that costs RM0.50 to produce costs the consumer RM10.00 to buy. This is an example of _____.
a) redlining
b) excessive markups
c) high-pressure selling
d) deceptive advertising

27) Recently, a class-action lawsuit was brought against BigBurger, a fast food chain, charging that its food has contributed to the nationwide obesity epidemic. The suit was eventually dismissed, but many critics continue to point out the health dangers of typical "fast food" menu items. These critics are most likely concerned that the fast food industry has provided _____.
a) high-pressure selling
b) deceptive promotions
c) deceptive packaging
d) harmful products

28) _____ is an organised movement of citizens and government agencies designed to improve the rights and power of buyers in relation to sellers.
a) Capitalism
b) Environmentalism
c) Protectionism
d) Consumerism

29) At the most basic level, a company can practice _____ which involves eliminating or minimising waste before it is created, such as designing and developing ecologically safer products, recyclable and biodegradable packaging, better pollution controls, and more energy-efficient operations.
a) pollution prevention
b) new clean technology
c) product stewardship
d) sustainability vision

30) A company that makes products that give high immediate satisfaction but may hurt consumers in the long run makes _____ products, such as cigarettes and junk food.
a) pleasing products
b) desirable products
c) deficient products
d) salutary products

**Continued...**

**SECTION B: STRUCTURE QUESTIONS [70 Marks]**
**Attempt ALL questions.**

**QUESTION 1**

a) Smart is a newly opened indoor play centre for kids located in Kuala Lumpur. Its basic concept is to provide a large, airy area with climbing tunnels, a play mat area, a ball pit, monkey bars, and other integrated play spaces. The facility provides a comfortable table and chair area for parents, a snack bar, and child friendly restrooms. Based on the above scenario,

i. Define market segmentation. (1.5 marks)

ii. Explain why segmentation is important. (1.5 marks)

iii. Identify and discuss **FOUR (4)** major segmentation bases for Smart. (12 marks)

b) Figure 2 below shows the eight steps in the new product development process.

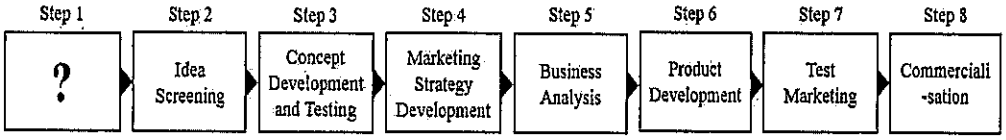


**Figure 2**

i. Define Step 1. (2 marks)

ii. Explain **TWO (2)** external and **TWO (2)** internal sources of new product ideas. (8 marks)

c) Explain **FIVE (5)** types of product mix pricing strategies that help firms to maximise the profits from the total product mix. (10 marks)

(Total: 35 marks)

**Continued...**

## QUESTION 2

a) Describe **FOUR (4)** major classifications of consumer products and services with relevant examples. (16 marks)

b) You are the Marketing Manager of StarRight.Com. Your new Director, Mr. Dominic is new in this business portfolio and he has limited knowledge about the function of marketing logistics. Explain to Mr. Dominic any **THREE (3)** major logistics functions. (9 marks)

c) Explain **FIVE (5)** promotion mix tools for communicating customer value. (10 marks)

(Total: 35 marks)

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